

## SUBCOMMITTEE NO. 2

## Agenda

Sheila Kuehl, Chair  
Bob Dutton  
Alan Lowenthal



Wednesday, May 18, 2005  
9:00 a.m.  
Room 2040

### Outcomes - Agenda (Part 1 of 2)

| <u>Item</u> | <u>Department</u>                                      | <u>Page</u> |
|-------------|--|-------------|
| 0540        | Secretary for Resources.....                           | 2           |
| 3360        | California Energy Commission.....                      | 2           |
| 3600        | Department of Fish and Game .....                      | 3           |
| 3790        | Department of Parks and Recreation.....                | 6           |
| 3560        | State Lands Commission.....                            | 7           |
| 3860        | Department of Water Resources .....                    | 7           |
| 3910        | Integrated Waste Management Board.....                 | 8           |
| 3930        | Department of Pesticide Regulation.....                | 9           |
| 3980        | Office of Environmental Health Hazard Assessment ..... | 9           |
| 8570        | California Department of Food and Agriculture .....    | 10          |
| 8660        | Public Utilities Commission.....                       | 11          |

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### Resources—Environmental Protection—Energy

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## 0540 Secretary for Resources

### 1. Local Projects

**Staff Recommendation.** Staff recommends that the Subcommittee approve the following budget bill language to extend the liquidation period for these funds (technical changes to be made by DOF):

0540-361 -- Extension of liquidation period, Resources Agency.  
Notwithstanding any other provision of law, funds appropriated in the following citations shall be available for liquidation until June 30, 2006: 0540-Coastal Resources Grant Program.

0540-490  
6015—River Protection Subaccount  
Notwithstanding any other provision of law, the period to liquidate encumbrances for the the Maywood Riverfront Park from the following citation is extended to June 30, 2006  
(1) Item 0540-101-6015(a), Budget Act of 2000 (Ch. 52, Stats. 2000).

**Vote.** 3-0

## 3360 California Energy Commission

### 1. PIER Program

**Staff Recommendation.** Staff recommends that the Subcommittee take the following actions:

- Allocate \$7.5 million in natural gas consumption surcharge funds for air quality and energy related research that is expended pursuant to a plan jointly approved by CEC and the Air Resources Board and allocate 50 percent of the funds in any future years from natural gas PIER funds in a similar fashion.
- Adopt clarifying trailer bill language that PIER funds can be used for transportation-related energy research

**Vote.** 2-1 (Dutton)

## 3600 Department of Fish and Game

### 1. Chronic Funding-Related Problems at the Department

| <b>Fish and Game Preservation Fund Subaccounts - not in balance</b> (2005-06 expenditures exceed revenues with no carry-over balance) | <b>Increase Revenues (Fees or other source)</b>   | <b>Reduce Expenditure Authority</b> | <b>Total Actions</b> |
|---|---|-------------------------------------|----------------------|
| Herring Research and Management, 0200-17  | \$51  | \$90                                | \$141                |
| Big Horn Sheep, 0200-11   | \$36  | \$130                               | \$166                |
| Lake/Streambed, 0200-14   |   |                                     |                      |
| Commercial Salmon Stamp, 0200-05  | Consider increase of \$39,000 to cover reduced item; if not, reduce expenditure authority |                                     | \$39                 |
| Aquaculture, 0200-13  | \$35  | \$40                                | \$75                 |
| Ocean Resources Enhancement Hatchery, 0200-04   | \$462   | \$100                               | \$562                |
| Commercial Augmented Salmon Stamp, 0200-06  |   | \$702                               | \$702                |
| Nondedicated  |   | \$61                                | \$61                 |
| <b>Total Shortfall</b>  | <b>\$633</b>  | <b>\$1,123</b>                      | <b>\$1,746</b>       |

**Staff Recommendation.** Staff recommends that the Subcommittee adopt the following adjustments to the Fish and Game Preservation Fund so that it is consistent with current law in the short term:

- Adopt the Governor's proposed May Revision amendments to the Fish and Game Preservation Fund.

**Vote. 3-0**

- Adopt the LAO's proposed reductions in expenditure authority (see above table).

**Vote. 3-0**

- Adopt budget bill language to direct DFG to raise fees to cover shortfalls identified in subaccounts identified by the LAO (see above table).

**Vote. 2-1 (Dutton)**

Staff recommends that the Subcommittee take the following actions to address long-term problems associated with the Fish and Game Preservation Fund and the overall ability of the department to meet its statutory mandates:

- Adopt supplemental report language (drafted by the LAO) that requires the department to report to the Legislature on corrective actions taken to balance the Fish and Game Preservation Account, including all of its subaccounts.

**Vote. 3-0**

- Make a one-time augmentation to DFG's budget of \$200,000 General Fund to fund an independent contractor to assist DFG in re-evaluating and re-engineering its accounting systems to improve the accountability of the system so that activities are charged to the correct funds.

**Vote. 2-1 (Dutton)**

- Adopt supplemental report language (drafted by the LAO) that requires the department to report to the Legislature on its activities, funding sources, and outcomes to better determine which activities and statutory directions the department is fulfilling.

**Vote. 3-0**

Furthermore, staff recommends that the Subcommittee adopt the following reforms to improve the funding base for the department:

- Adopt trailer bill language to implement landing fee reform. Commercial fishing programs at DFG are funded by landing fees. Currently, a few species, such as salmon, are taxed at a fairly high amount, but for most others the amount is almost negligible, even for many high value stocks. Landing fee reform would consist of creating a broad based Special Fund for all commercial fishing programs funded by an ad valorem fee assessed on the value of the fish landed. This reform could generate approximately \$6 million in additional revenues to support commercial fishing programs.

**Vote. 2-1 (Dutton)**

- Adopt trailer bill language to reform and increase collection of California Environmental Quality Act fees (commonly referred to as 3158 fees). This reform would overhaul the fee structure and collection practices so that projects are not improperly exempted from CEQA and to ensure that fees are charged projects according to size, complexity and environmental impact of the project. Reforms would also allow counties (who collect the fees on behalf of the state) to increase their handling fee to reflect the true handling costs (current law caps these charges).

**Vote. 2-1 (Dutton)**

Finally, staff recommends that the Subcommittee take the following actions to augment the department's base budget by \$7.7 million General Fund to improve enforcement of the state's environmental laws as envisioned by the Governor's Environmental Action Plan.

- Augment by \$5 million General Fund (ongoing) to fund 40 new warden positions, including the following budget bill language:

*Provision 1:*

*It is the intent of the legislature that these funds be provided for the hiring of additional game wardens in order to ensure that California's natural environment is protected through tough enforcement of existing laws.*

**Vote. 2-1 (Dutton)**

- Trailer bill language shall also be adopted that directs the department to address current game warden recruitment problems resulting from low salary levels.

**Vote. 2-1 (Dutton)**

- Augment by \$1 million General Fund (ongoing) to fund 7 new positions to restore the Native Trout program to its 1980 levels, including the following budget bill language:

*Provision 1:**It is the intent of the legislature that these funds be provided for the purposes of protecting and preserving California's wild and heritage trout populations.***Vote.** 2-1 (Dutton)

- Augment by \$1.7 million General Fund (ongoing) to fund 15 new positions to restore statewide review of timber harvest plans, including the following budget bill language:

*Provision 1:**It is the intent of the legislature that these funds be provided for hiring of Fish and Game staff to review timber harvest plans in order to ensure that California's natural environment is protected through tough enforcement of existing laws.***Vote.** 2-1 (Dutton)

## 2. Maximizing Federal Fisheries Restoration Grant Funds

**Staff Recommendation.** Staff recommends that the Subcommittee augment the department's budget by \$8 million from tidelands oil revenues for salmon and steelhead restoration in the budget year. (See State Lands Commission item for conforming amendment.)

**Vote.** 2-1 (Dutton)

## 3. Office of Spill Prevention and Response

**Staff Recommendation.** Staff recommends that the Subcommittee approve this proposal as budgeted.

**Vote.** 3-0

## 4. Marine Life Protection Act

**Staff Recommendation.** Staff recommends approving this proposal as budgeted.

**Vote.** 3-0

## 5. Yuba Feather Flood Protection Program

**Staff Recommendation.** Staff recommends that the Subcommittee approve this proposal.

**Vote.** 3-0

## 3790 Department of Parks and Recreation

### 1. Local Projects

**Staff Recommendation.** Staff recommends that the Subcommittee adopt the following budget bill language to reappropriate the funds provided for this project in 2000.

3790-491 --- Reappropriation, Department of Parks and Recreation. The balance of the appropriation provided in the following citation is reappropriated for the purposes provided in the appropriation, and shall be available for encumbrance or expenditure until June 30, 2008:

0001 – General Fund

Item 3790-101-0001, Budget Act of 2000 (Ch. 52, Stats. 2000)

80.25 Recreational Grants

(184) Mendocino Coast Recreation Park District: Fort Bragg Aquatic Center

3790-493—Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate the encumbrance of the following citation, subject to the following limitation, is extended to June 30, 2006.

0262—Habitat Conservation Fund

(1) Item 3790-101-0262 (1), Budget Act of 1999 (Ch. 50, Stats. of 1999), 80.25.001-Local Grants-Habitat Conservation Fund Program; provided that this reappropriation is limited to the \$325,000 grant to the Mid-Peninsula Regional Open Space District.

**Vote.** 3-0

### 2. Staffing Augmentation and Deferred Maintenance

**Staff Recommendation.** Staff recommends that the Subcommittee rescind the May 17 budget action related to additional funding for deferred maintenance and substitute an alternate recommendation. The alternate staff recommendation is to augment the state budget by \$8 million from tidelands oil revenues to establish up to 40 new park positions and for deferred maintenance activities. It is the intention of the Legislature that this augmentation be an ongoing augmentation. (See State Lands Commission item for conforming amendment.)

**Vote.** 2-1 (Dutton)

### 3. Hearst Acquisition Staffing

**Staff Recommendation.** Staff recommends that the Subcommittee approve the proposal as budgeted.

**Vote.** 3-0

## 3560 State Lands Commission

### 1. Tidelands Oil Revenues

**Staff Recommendation.** Staff recommends that the Subcommittee adopt revised budget bill language to amend the item that sweeps tidelands oil revenues into the General Fund in the budget year. This item is found under the Wildlife Conservation Board. Recommended budget bill language should be revised accordingly:

*3640-401—Notwithstanding any other provision of law, revenues that would have been deposited in the Resources Trust Fund pursuant to Section 6217 of the Public Resources Code shall be allocated in the following order:*

*(1) \$8,000,000 shall be deposited into the State Parks and Recreation fund for the Department of Parks and Recreation Maintenance and Park Ranger staff and deferred maintenance. It is the intent of the Legislature that this augmentation be used to establish up to 40 new parks positions. These funds are intended to be ongoing.*

*(2) \$8,000,000 shall be deposited into the Salmon and Steelhead Trout Restoration Account for salmon and steelhead trout restoration projects authorized by Section 6217.1 of the Public Resources Code, including, but not limited to, projects that implement the Coho Salmon Recovery Plan.*

*(3) Any revenues remaining after expenditure for the purposes specified in paragraph (1) shall be deposited in the General Fund.*

**Vote.** 2-1 (Dutton)

## 3860 Department of Water Resources

### 1. All-American Canal Lining

**Staff Recommendation.** Staff recommends that the Subcommittee reduce the General Fund appropriated to fund the lining of the All-American Canal by \$5 million.

**Vote.** 2-1 (Dutton)

## 2. Extension of Liquidation Period—Proposition 13 Bond Funds

**Staff Recommendation.** Staff recommends that the Subcommittee approve the proposed May Revision proposal to extend liquidation of various bond funds.

**Vote.** 3-0

## 3. Reversion of Proposition 13 Bond Funds

**Staff Recommendation.** Staff recommends that the Subcommittee approve the reversion of the Proposition 13 bond funds.

**Vote.** 3-0

## 4. San Joaquin River Restoration Project

**Staff Recommendation.** Staff does not recommend any changes to the previous Subcommittee action on this item at this time.

**Vote.** No vote taken.

# 3910 Integrated Waste Management Board

## 1. Implementation of Electronic Waste Recycling Program

**Staff Recommendation.** Staff recommends that the Subcommittee request that Subcommittee No. 4 include the following budget bill language in BOE's E-Waste item:

- It is the intent of the Legislature that the 2006-07 budget be prepared to include BOE's support budget for the E-Waste program through a reimbursable contract with the Integrated Waste Management Board.

**Vote.** No vote taken.

## 2. Environmental Education Program

**Staff Recommendation.** Staff recommends that the Subcommittee:

- Adopt supplemental report language that requires the Office of the Secretary for Cal-EPA to put forward a more balanced approach to funding this program.
- Adopt the following budget bill language amendments that would ensure that legislation be enacted to address issues related to the mandate established by the legislation and other issues related to this program. The budget bill amendments include the following:



Delete Provision 1 of Item 3910-001-0193 and Provision 3 of Item 3910-001-0387 and insert the following language:

*Item 3910-001-0193:*

*Provision 1:*

*Of the amount appropriated by this item, \$200,000 shall be available to support development of the Education and Environment Initiative. The funds shall become available no sooner than the chaptering of AB 1721 of 2005.*

*Item 3910-001-0387:*

*Provision 3:*

*Of the amount appropriated by this item, \$3,300,000 shall be available to support development of the Education and Environment Initiative. The funds shall become available no sooner than the chaptering of AB 1721 of 2005.*

**Vote. 3-0**

## **3930 Department of Pesticide Regulation**

### **1. Undercollection of Mill Assessment**

**Staff Recommendation.** Staff recommends that the Subcommittee:

- Adopt trailer bill language to require all entities that are the first to sell pesticides in the state to be subject to licensing requirements and to require that the department contract with BOE for the collection of the mill assessment fee.

**Vote. 2-1 (Dutton)**

## **3980 Office of Environmental Health Hazard Assessment**

### **1. Funding Adequacy**

**Staff Recommendation.** Staff recommends that the Subcommittee:

- Augment \$1 million from the General Fund to establish 5 new positions to fund OEHHHA's children's health program and other statutory mandates.
- Augment \$250,000 from the Waste Discharge Permit Fee Fund to establish 2 new positions to address deficiencies in the department's fish health program.
- Augment \$250,000 from the Department of Pesticide Regulation Fund to establish 2 new positions to support the department's pesticide related activities, including work related to the new risk assessment panel approved by the Subcommittee on May 17.

Vote. 2-1 (Dutton)

## 8570 California Department of Food and Agriculture

### 1. Mediterranean Fruit Fly Preventative Release Program

**Staff Recommendation.** Staff recommends that the Subcommittee adopt the budget proposal to provide ongoing General Fund support for the Medfly program.

Vote. 3-0

### 2. Pierce's Disease Control Program

**Staff Recommendation.** Staff recommends that the Subcommittee adopt budget bill language to clarify the commitments regarding federal funds provided for the Pierce's disease program in the budget year. The following provision should be added to item 8570-011-0890:

*2. The Secretary of the Department of Food and Agriculture shall authorize a one-time transfer of two hundred and fifty thousand dollars (\$250,000) from the Pierce's Disease Management Account to the University of California's Cooperative Extension Service for use in making improvements to the Kern County Office of U.C. Cooperative Extension.*

Vote. 3-0

### 3. Laboratory System Upgrades

**Staff Recommendation.** Staff recommends that the Subcommittee approve this proposal as budgeted.

Vote. 3-0

### 4. Emerging Threats to Food Production

**Staff Recommendation.** Staff recommends that the Subcommittee:

- Approve \$500,000 General Fund to establish 5 new positions at the department to initiate a strategic approach to addressing emerging threats to the state's food supply. At least one of these staff should be used to coordinate the department's activities with other state agencies, federal agencies and other groups involved in protecting the state from terrorist attacks and the spread of viral disease.

**Vote.** 2-1

## 5. Unallocated Reduction

**Staff Recommendation.** Staff recommends that the Subcommittee restore the unallocated reduction to the County Agricultural Commissioners and reduce the department by an additional \$597,000.

**Vote.** 3-0

## 6. Specialty Crop Grant

**Staff Recommendation.** Staff recommends that the Subcommittee approve this proposal as budgeted.

**Vote.** 3-0

## 7. Technical Adjustments

**Staff Recommendation.** Staff recommends that the Subcommittee approve the department's technical adjustments.

**Vote.** 3-0

## 8. Agricultural Cooperative Bargaining Advisory Committee Elimination

**Staff Recommendation.** Staff recommends that the Subcommittee reject this proposal since it is currently being addressed through a bill in the policy process.

**Vote.** 3-0

# 8660 Public Utilities Commission

## 1. Office of Ratepayer Advocates

**Staff Recommendation.** Staff recommends that the Subcommittee:

- Adopt trailer bill language that will clarify ORA's ability to present a budget to the Commission in a public proceeding. Public Utilities Code Section 309.5 already specifies that the CPUC's budgeting process regarding ORA must be made through rule or order, which implies a public process. This language will clarify the extent of ORA's role in this proceeding.

- Adopt trailer bill language that will specify that the director of ORA is provided with the authority to supervise the legal staff assigned to ORA and that general counsel will assign at least 14 attorneys specifically to ORA. The ORA may, of course, choose to use temporarily assigned legal staff to provide specific expertise in individual cases or to address workload peaks. Under this system, ORA legal staff will continue to retain their full civil service status within the PUC and may seek transfers or promotions freely.
- Augment ORA's budget by \$1.2 million from the Utilities Reimbursement Account and restore 12 positions (reduced as part of the 4.10 reductions) in the telecommunications division of ORA.
- Augment ORA's budget by \$1 million from the Utilities Reimbursement Account for telecommunications merger review contracts, pursuant to the SBC/ATT merger, with accelerated contracting schedules (pursuant to PU Code Section 632). The \$1 million will be reimbursable to the state pursuant to PU Code Section 631.
- Adopt trailer bill language that will specify that the ORA's review of the SBC/ATT merger must be completed before a proposed decision can be issued.

**Vote.** 2-1 (Dutton)

## 2. Railroad Safety

**Staff Recommendation.** Staff recommends that the Subcommittee restore 13 positions (reduced as part of the 4.10 reductions) at a cost of \$1.2 million from the PUC Transportation Reimbursement Account Fund.

**Vote.** 2-1 (Dutton)

## 3. Technical Adjustments

**Staff Recommendation.** Staff recommends that the Subcommittee approve the technical budget adjustments.

**Vote.** 3-0